

Farm Credit Administration

§ 618.8430

loan. Subsequently, upon written request of a borrower or a borrower's legal representative, a qualified lender shall provide, as soon as practicable, a copy of any loan documents signed by the borrower, a copy of other documents delivered by such borrower to that qualified lender, and a copy of each collateral evaluation of the borrower's assets made or used by the qualified lender. To the extent that a collateral evaluation may contain confidential third party information, the lender may protect such confidential third party information by withholding any information that would disclose identifying characteristics of the third party or his property. One copy shall be furnished free of charge. The lender may assess reasonable copying charges for any additional copies requested by the borrower.

(c) Each System bank and association shall have available in its offices copies of the institution's articles of incorporation or charter and bylaws for inspection and shall furnish a copy of such documents to any owner of stock or participation certificates upon request.

[51 FR 39504, Oct. 28, 1986, as amended at 53 FR 35458, Sept. 14, 1988; 56 FR 2675, Jan. 24, 1991; 59 FR 46734, Sept. 12, 1994; 61 FR 67188, Dec. 20, 1996]

§ 618.8330 Production of documents and testimony during litigation.

(a) If your bank or association is a party to litigation with a borrower or a successor in interest, you or your directors, officers, or employees may disclose confidential information about that borrower or the successor in interest during the litigation.

(b) If the Government or your bank or association is not a party to litigation, you or your directors, officers, or employees may produce confidential documents or testimony only if a court of competent jurisdiction issues a lawful order signed by a judge.

[64 FR 43049, Aug. 9, 1999]

§ 618.8340 [Reserved]

Subpart H—Disposition of Obsolete Records

§ 618.8360 [Reserved]

§ 618.8370 [Reserved]

Subpart I [Reserved]

Subpart J—Internal Controls

§ 618.8430 Internal controls.

Each Farm Credit institution's board of directors must adopt an internal control policy, providing adequate direction to the institution in establishing effective control over, and accountability for, operations, programs, and resources. The policy must include, at a minimum, the following:

(a) Direction to management which assigns responsibility for the internal control function (financial, credit, credit review, collateral, and administrative) to an officer (or officers) of the institution.

(b) Adoption of internal audit and control procedures that evidence responsibility for review and maintenance of comprehensive and effective internal controls.

(c) Direction for the operation of a program to review and assess its assets. These policies shall include standards which address the administration of this program, described in the list which follows:

(1) Loan, loan-related assets, and appraisal review standards, including standards for scope of review selection and standards for workpapers and supporting documentation.

(2) Asset quality classification standards to be utilized in accordance with a standardized classification system consistent among associations within a district and their funding Farm Credit Bank or agricultural credit bank.

(3) Standards for assessing credit administration, including the appraisal of collateral.

(4) Standards for the training required to initiate the program.

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(d) The role of the audit committee in providing oversight and review of the institution's internal controls.

[55 FR 24888, June 19, 1990, as amended at 71 FR 5763, Feb. 2, 2006]

§ 618.8440 Planning.

(a) *Business plan requirement.* No later than 30 days after the commencement of each calendar year, the board of directors of each Farm Credit System institution must adopt an operational and strategic business plan for at least the succeeding 3 years.

(b) *Content of business plan.* The plan must include, at a minimum, the following:

(1) A mission statement.

(2) An annual review of the internal and external factors likely to affect the institution during the planning period. The review must:

(i) Incorporate the description and assessment of workforce and management strengths and weaknesses required by paragraph (b)(7)(i) of this section;

(ii) Include an assessment of the needs of the board, including skills and diversity, based on the annual self-evaluation of the board's performance; and

(iii) Include strategies for correcting identified weaknesses.

(3) Quantifiable goals and objectives.

(4) Pro forma financial statements for each year of the plan.

(5) A detailed operating budget for the first year of the plan.

(6) The capital adequacy plan adopted pursuant to § 615.5200(b) of this chapter.

(7) A human capital plan that includes, at a minimum, the items specified in this paragraph (b)(7). These items may be contained in other board-approved documents that are adopted annually, provided the items are summarized in, and incorporated by reference into, the human capital plan.

(i) A description of the institution's workforce and management and an assessment of their strengths and weaknesses;

(ii) A description of the institution's workforce and management succession programs; and

(iii) Strategies and actions to strive for diversity and inclusion within the

institution's workforce and management.

(8) For each Farm Credit System institution in its exercise of title III lending authorities and direct lender association, a marketing plan that strategically addresses how the institution will further the objective of the Act, set forth in section 1.1(b) of the Act, that the System be responsive to the credit needs of all types of agricultural producers having a basis for credit. The marketing plan must include, at a minimum, the items specified in this paragraph (b)(8). These items may be contained in other board-approved documents that are adopted annually, provided the items are summarized in, and incorporated by reference into, the marketing plan.

(i) A description of the institution's chartered territory by market segment, including the characteristics of demography, geography, and types of agriculture practiced; and

(ii) Strategies and actions to market the institution's products and services to all eligible and creditworthy persons, with specific outreach toward diversity and inclusion within each market segment.

(c) *Board reporting requirements.*

(1) Each institution must report annually to its board of directors on the progress the institution has made in accomplishing the strategies and actions required by paragraph (b)(7)(iii) of this section.

(2) Each institution subject to paragraph (b)(8) of this section must report annually to its board of directors on the progress the institution has made in accomplishing the strategies and actions required by paragraph (b)(8)(ii) of this section.

[77 FR 25587, May 1, 2012]

PART 619—DEFINITIONS

Sec.	
619.9000	The Act.
619.9010	Additional security.
619.9015	Agricultural credit associations.
619.9020	Agricultural credit banks.
619.9025	Agricultural land.
619.9050	Associations.
619.9060	Bank for cooperatives.
619.9110	Consolidation.
619.9130	Differential interest rates.
619.9135	Direct lender.